ESTIMATING VALUES OF UNUSUAL LOTS

THERE is probably no more hazardous appraisal habit than the one of becoming arbitrary over the use of certain rules and formulae in arriving at the valuation. Throughout the years, conscientious appraisers have labored long and hard at the task of perfecting various rules of thumb and guideposts to point the way toward more accurate and consistent appraising. These men, however, in many cases will be the first to admit that these rules of theirs are far from perfect and that discretion should be used in applying them.

Professional status must first come to the group rather than to a member of the group. Before any appraiser can achieve professional status the art of appraising must be recognized as a profession and this status can only be reached through the efforts on the part of the appraisers themselves to mould and hammer and cut and fit this art of theirs to the pattern of professionalism. New methods must constantly be tried and those found wanting abandoned. Those methods proved by experiment must be adopted and given further trial and refinement.

It is with this in mind that we publish the following thoughts on the methods that may be used in finding the value of unusually shaped or unusually located lots. We have no intention of being arbitrary, and would appreciate hearing from any of our subscribers who want to discuss this topic with us. Some of these methods are our own refinements of methods developed by others, some are those used by our appraisal department, and some are those recommended by nationally known appraisers. This bulletin, and perhaps the December bulletin, will, therefore, point out some of the methods used in evaluating unusual lots.
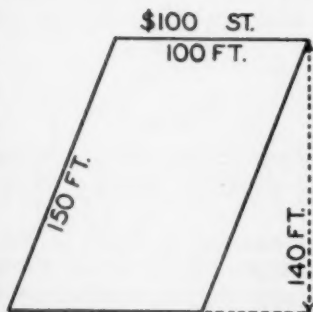
We are in disagreement with the usual method of evaluating the type of lot shown at the left. The accepted method is to treat the lot as if it were a rectangle 140 feet deep and 100 feet wide. In other words, many appraisers would simply multiply 100 front feet by $100 per foot, and adjust this amount by whatever depth table factor they felt applicable. Let us assume that a depth factor of 118% is chosen. (This factor is taken from the depth table on page 316 of the August 1949 Appraisal Bulletin.) In this instance, the lot would be appraised at $11,800 (100 feet x $100 x 118%), or exactly the same value a 100 x 140 rectangular lot in this same location would have. We believe that lots of this shape should be penalized for their odd-shaped corners, and although we have not completely worked out a systematic method

for doing so, we believe that the more the lot deviates from rectangular shape (four 90° corners), the greater should be the amount deducted from its appraised value. We expect to have such a method worked out in a few weeks and, if so, we will print it in an early Appraisal Bulletin.

$200 ST.

In finding the value of section B in the sketch at the right, there are several different answers possible, depending on which depth factor is used. For example, if the 150-foot lot is considered standard depth and the 4-3-2-1 method is used, the value of section B is $1,667. If the 4-3-2-1 method is used and 100 feet is considered standard depth, the value will depend on which depth table is used. If the Milwaukee or the Cleveland table is used, the extra 50 feet takes an added 15%, so the value of section B would then be $1,667 plus 15%, or $1,917. If the Chicago depth table is used, the added 50 foot value is worth 37.5%, and in this instance the value of B would equal $1,667 plus 37.5%, or $2,290. If, on the other hand, the 4-3-2-1 method is not used and the value is found by the use of depth tables above, the value will also be different, depending on the depth factor chosen. If, by referring to our depth table in the August Appraisal Bulletin, we chose 100 feet as a standard depth, the value of this section works out in the following manner: Value of section A equals 50 feet @ $200 per foot, or $10,000. Value of added 50-foot depth equals 22%; therefore, the value of section B equals 50 feet x $200 per front foot x 22%, or $2,200. When a depth of 150 feet is considered standard, the value of section B is worked out in the following manner: Value of section A plus section B equals 50 feet @ $200 per foot, or $10,-000. Our depth table tells us that in districts with 150-foot standard depths, a 100-foot lot is worth 79% of the standard value. Therefore, section A is in this instance worth $7,900 and section B is worth the balance (of $10,000), or $2,100.

$50 ST.
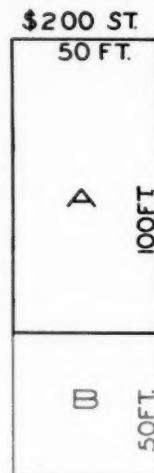
Appraising the L-shaped lot at the right is relatively simple, but also subject to the differences caused by the choice of depth factors. Section A is valued as is the back lot or balloon lot discussed above, while section B is valued as is any other rectangular lot.

$200 ST.
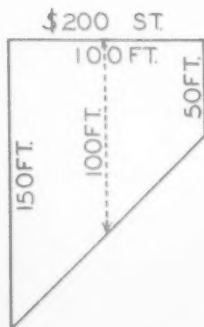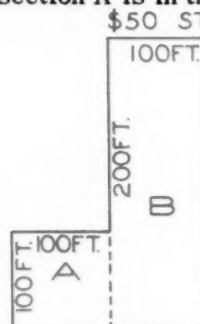
This type lot (a trapezoid) is appraised by taking its average depth, in this case 100 feet, $\left(\dfrac{150 \text{ ft.} + 50 \text{ ft.}}{2}\right.$ $= 100 \text{ ft.}\Big)$ and applying the corrective depth factor to it. In this instance, most depth tables would show no corrective adjustment because they are based on a standard of 100 feet. The value of the lot would, therefore, be 100 feet x $200, or $20,000. We believe, however, that if this lot is located in a district where the standard lots are 150 feet deep, a standard of 150 feet

rather than one of 100 feet should be used, and that this lot should be penalized by using a corrective depth factor of 79%. This factor would bring the value of this lot down from $20,000 to $15,800.

It is in the appraisal of triangular lots that the greatest difference of opinion seems to exist. Some appraisers simply evaluate triangular residential lots by using the width of the lot at the building line as the front footage.
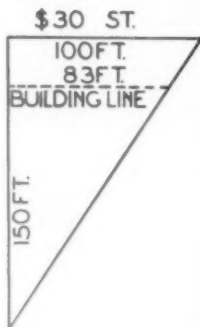
The sketch of the lot at the left shows a front foot value of $30 and a width at the building line of 83 feet. By this method of valuation, the lot would be worth 83 feet x $30, or $2,490. Still other appraisers figure the value of the lot as if it were rectangular and then take a flat 65% of that value. If the triangular lot has its apex at the street, these appraisers then take 35% of the rectangular lot's value. This is illustrated below:
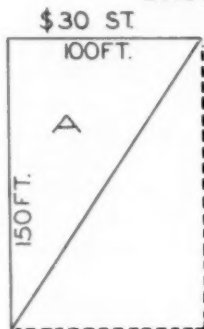
Lot A = $30 x 100 ft. x 65%, or $1,950
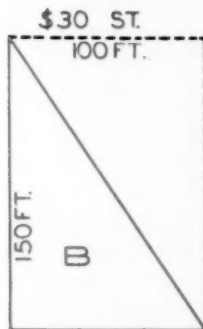
Lot B = $30 x 100 ft. x 35%, or $1,050

We do not know where the 65% factor originated but suspect that it grew out of the practice of applying the 4-3-2-1 rule to the rectangular projection of the triangular lot. This rule will always give a value of between 62 and 65% to any triangular lot appraised in this manner.

To illustrate this point, consider the random triangular lot outlined in red at the left. This lot has a frontage of 80 feet on a $100 street. By the 4-3-2-1 method its value is $5,087, which is 63.5% of the value a rectangular lot with the same depth and frontage would have. This rectangular lot would be worth $8,000, or $100 x 80 feet. By the 4-3-2-1 method the first one-fourth of the rectangle would be worth $3,200, the second one-fourth, $2,400, the third one-fourth, $1,600, and the fourth one-fourth would be worth $800. Since each one-fourth covers 2000 square feet, the per square foot value in sections 1 through 4 would be $1.60, $1.20, $0.80, and $0.40, respectively. These square foot values are applied to the number of square feet in

sections A, B, C and D in the triangular lot with the following results:

$$\begin{array}{lrcr}
\text{Section A} - 1763 \text{ sq. ft. x } \$1.60 & = & \$2,821 \\
\text{Section B} - 1275 \text{ sq. ft. x } \ 1.20 & = & 1,530 \\
\text{Section C} - \ 777 \text{ sq. ft. x } \ 0.80 & = & 622 \\
\text{Section D} - \ 285 \text{ sq. ft. x } \ 0.40 & = & \underline{114} \\
\text{Total value of triangular lot} & = & \$5,087
\end{array}$$

Since $5,087 divided by 8000 = 63.5, the value of this triangular lot is equal to 63.5% of the value of the rectangular lot of the same dimensions. This method gives virtually the same percentage when applied to a triangular lot, regardless of the lot's shape or size.
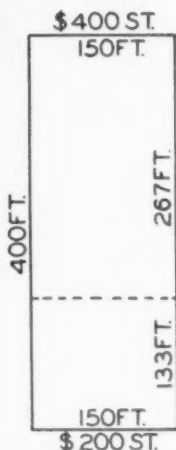
Occasionally the evaluation of a lot with two frontages will be made. The chief problem arises when these frontages are worth varying amounts and the "point of influence" must be established. Consider the diagram at the left. This lot fronts 150 feet on a $400 street and 150 feet on a $200 street. The problem is to determine how much influence to assign each frontage. One method is to add the front foot value of each frontage ($400 + $200) and divide each of the front foot values by this total. In other words, $400 plus $200 = $600 and $400 divided by $600 = two-thirds. Therefore, the influence of the $400 frontage extends back two-thirds of the lot's depth, or 267 feet ($400 x .666). The influence of the $200 frontage extends back one-third of the lot depth, or 133 feet ($400 x .333). After finding this point of influence, a depth factor is selected and applied to each of the sections, one 267 feet deep fronting on the $400 street, and the other 133 feet deep fronting on the $200 street. The values of these two pieces are then added together for the total value of the lot.